

## **IPN 14-01**

### **Revisions to the Environmental Protection Agency's Purchase Card Policy**

*This Interim Policy Notice (IPN) is effective October 1, 2014, and replaces Contracts Management Manual (CMM) Section 13.3 in its entirety. This IPN shall remain in effect until superseded or incorporated into the EPA Acquisition Guide (EPAAG) Section 13.3.1.*

## **CHAPTER 13 - SIMPLIFIED ACQUISITION PROCEDURES**

### **Subchapter 13.3 - Simplified Acquisition Methods**

#### **13.3.1 Using the Government-wide Commercial Purchase Card (last updated 10/01/2014).**

##### **13.3.1.1 Purpose.**

This section establishes policy for using the government-wide commercial purchase card at EPA.

##### **13.3.1.2 Background.**

EPA obtains commercial purchase card services through a task order with a contractor bank under the General Services Administration's SmartPay® Master Contract. EPA's purchase card program is managed by the Office of Acquisition Management (OAM) which is responsible for implementing and overseeing the program. Support for financial aspects of the program is provided by the Office of the Chief Financial Officer (OCFO).

Since its inception in 1987, use of the purchase card has grown prolifically at the Agency. The program offers a streamlined purchasing process that eliminates the use of purchase orders in many cases and reduces administrative costs. The purchase card payment process allows fully automated invoicing and payment processing. At EPA, the purchase card is used widely by program offices, Regions, laboratories, and field offices. On the average, the Agency processes in excess of 100,000 transactions worth millions of dollars in the aggregate each fiscal year.

##### **13.3.1.3 Authority/Applicability.**

The authority for this section is the Federal Acquisition Regulation (FAR) 13.301(b) which requires agencies to establish procedures for the use and control of the government-wide commercial purchase card.

##### **13.3.1.4 Definitions.**

*Acquisition Professional* - For the purposes of this policy, an "acquisition professional" is an Agency employee in the general schedule contracting series (GS-1100) and all contracting officers, regardless of general schedule series, with authority to obligate funds above the micropurchase threshold. It does not include human resources training officers defined below.

*Annual Assurance Memorandum (AAM)* – An annual memorandum required to be submitted by Approving Officials (AO) certifying that the AO has performed a 100% review of all Cardholder (CH) transactions under their purview; AO duties and responsibilities have been performed in accordance with EPAAG 13.3; and all other applicable federal and agency policies and regulations the AO has complied with.

*Approving Official (AO)* - The approving official is the Agency employee directly responsible for reviewing purchase cardholder transactions and determining if transactions are reasonable and necessary. AOs must have an approving official account with the contractor bank.

*Cardholder (CH)*- An Agency employee who has a purchase card account with the contractor bank.

*Contract Management and Assessment Program (CMAP)* - the OAM program designed to ensure that contracting organizations operate in an effective and efficient manner and includes four primary components: Internal Control Plans; Self-Assessment Reviews; Annual Self-Assessment Reporting; and Peer Reviews.

*Certificate of Appointment, Warrant, or Delegation of Procurement Authority* - the written appointment of contracting authority for a contracting officer (CO). FAR 1.603-3 states that a CO must be appointed in writing on Standard Form 1402, Certificate of Appointment, which must include any limitations on the scope of authority. The SF 1402 is also known as a “warrant,” and may include a “delegation of procurement authority” memorandum detailing the procurement authority of the CO.

*Contractor Bank* - The service provider, under the General Service Administration’s SmartPay® Master Contract, with which the Agency has contracted with for purchase card services.

*Contracting Office* - An Agency organizational unit that provides contracting or purchasing services. EPA contracting offices are located at Headquarters, Cincinnati, RTP, Regions 1-9, and in certain Agency laboratories and field offices.

*Convenience Checks* - Third party drafts or checks issued by the contractor bank to specific cardholders.

*Cost Allocation System* - EPA intranet data base used to “cost allocate” or pay for purchase card orders.

*Funds Control Officer (FCO)* - Agency employee responsible for maintaining the Document Control Register, assigning Document Control Numbers, and ensuring that sufficient funds in an allowance are available for obligation. Also known as *Funds Certifying Official*.

*GSA SmartPay® Program* - the GSA program that manages contracts through which agencies and organizations can obtain charge cards for employees to accomplish the agency or organization’s mission. Agencies can obtain a number of different types of charge card products and services, including purchase, travel, fleet, and integrated cards. More information on this

program can be found at <https://smartpay.gsa.gov/>.

*GSA SmartPay® Purchase Card Training* - the mandatory online purchase card training for EPA cardholders and AOs. This training program teaches the CH and AO how to use the purchase charge card responsibly and is required for both basic and refresher training. This training can be found at <https://training.smartpay.gsa.gov/>.

*Micro-purchase* - an acquisition of supplies or services using simplified acquisition procedures, the aggregate amount of which does not exceed the micro-purchase threshold as defined in FAR 2.101.

*Monthly Limit* - The cumulative amount of orders which can be placed by a CH during the contractor bank's standard 30-day cycle (usually the 28<sup>th</sup> of one month until the 27<sup>th</sup> of the next month). Sometimes called the "monthly purchase limit" or "billing cycle limit."

*National Purchase Card Program Manager (NPCPM)* - The supervisor of the Purchase Card Team within the OAM.

*Payment Net® (PNET)* – the contractor bank internet based system used to manage, track, document and control purchase card transactions.

*Performance Measurement and Management Program (PMMP)* – the OAM designed methodology for assessing the Agency's acquisition related business functions. The PMMP is intended to facilitate an EPA-wide collaborative approach to ensure that business systems effectively support EPA's mission, vision, and strategy; follow best business management practices; and comply with applicable statutes, regulations, and contract terms and conditions.

*Program Office Cardholder* - A CH who is not an acquisition professional or human resources training officer.

*Required Basic Training* - The mandatory GSA SmartPay® training that a potential new CH or AO must successfully complete in order to obtain a purchase card or manage an AO account.

*Required Refresher Training* -The mandatory GSA SmartPay® training that an existing CH or AO must successfully complete every two years in order to maintain a purchase card or AO account.

*Single Purchase Limit* - The maximum dollar amount a CH is authorized for an individual order. An individual order may include multiple items.

*Splitting a Purchase* - Breaking down a known requirement totaling more than the single purchase limit into two or more purchases merely to permit use of the card under the CH's single purchase limit or to avoid approval requirements.

*Supplemental Training* - Any training in addition to the GSA SmartPay® Training, that the Purchase Card Team (PCT) and/or OAM, in their sole discretion, may require a CH or AO to successfully complete in order to maintain a purchase card or AO account. The PCT and/or OAM may require that a CH or AO successfully complete supplemental training at any time during the CH or AO two-year training cycle.

*Training Officer* - An Agency human resources employee who has delegated authority to purchase training in accordance with the Government Employee Training Act (GETA). A training officer is neither an acquisition professional nor a CO.

*Unauthorized Commitment* - An agreement that is not binding solely because the government representative who made it lacked authority to enter into that agreement on behalf of the government.

### **13.3.1.5 Policy.**

EPA employees shall follow the policies and procedures in this section when performing duties related to use of the government-wide commercial purchase card.

### **13.3.1.6 Roles and Responsibilities in the Purchase Card Program.**

The key players in EPA's purchase card program are the PCT, the Cincinnati Finance Center (CFC), the contractor bank, FCOs, AOs, CHs, and the GSA SmartPay® Program. This section briefly describes their areas of responsibility.

To avoid potential conflicts of interest, adequate separation of functions is required to ensure that the same individual is not responsible for funding, approving, ordering, or verifying receipt of a purchase card transaction.

#### *(a) The Purchase Card Team (PCT).*

(1) The PCT resides in OAM and administers the EPA purchase card program (with the exception of financial matters). The team establishes Agency policy, administers the program, sets up and maintains accounts for CHs and AOs, serves as Agency liaison with the contractor bank, provides ongoing advice, and oversees the use of the card.

(2) The PCT maintains the Agency's Purchase Card Program Web Page found at <http://purchasecard.epa.gov/>. The web page includes informative information, forms and links to helpful sites.

(3) The PCT maintains the EPA Agency-wide Purchase Card Standard Operating Procedures (Agency P/C SOP) found at <http://purchasecard.epa.gov/NODE/112>.

(4) The PCT is managed by the Agency's National Purchase Card Program Manager (NPCPM). The

NPCPM may, at any time, within their sole discretion make an immediate change to any aspect of the purchase card program, inclusive of any management and internal controls, while promulgation of the respective policy or procedure is being processed/finalized. The NPCPM has the authority to issue any such change by any means needed to convey the change to CHs and AOs. All CHs and AOs shall comply with any change issued by the NPCPM pursuant to this policy.

(b) *The Cincinnati Finance Center (CFC)*. The CFC is part of OCFO and is responsible for national financial issues such as cost allocations, accounting corrections and manual payments. They also serve as the Agency liaison with the contractor bank for dispute resolution and monthly reconciliation. The CFC examines purchase card transactions to detect and resolve funding problems and provide appropriate corrective measures to CHs and finance personnel.

(c) *The Contractor Bank*. The contractor bank is selected through a competitive acquisition under the GSA SmartPay® master contracts. The contractor bank is responsible for issuing cards, paying the vendors for purchase card orders, and providing customer services such as dispute resolution.

(d) *Funds Control Officers (FCOs)*. FCOs certify to the availability of funds, ensure that the financial transaction complies with Agency financial policy and procedures, and that all of the accounting data is accurate and complete. The method for funding purchase card orders will vary according to established office procedures. Any method is acceptable as long as the CH ensures funds are available before making a purchase.

(e) *Approving Officials (AO)*.

(1) The AO can be the CHs supervisor or an individual one organizational level above the CH. Every CH must have an AO who has an AO account with the contractor bank. AOs are not authorized to establish written Individual Standard Operating Procedures (SOP) for CHs. Purchase card transactions shall be done in accordance with EPAAG 13.3.

(2) AOs are responsible for:

(i) Completing required training;

(ii) Pre approving all purchases to be made by the CH under their control to ensure these transactions comply with Federal and Agency policies (see (7) below for additional information);

(iii) Providing support to the CH in explaining and reinforcing proper procedures to cardholders' customers;

(iv) Validating all CH transactions by reviewing and approving the CH transactions pursuant to the requirements specified in the Agency P/C SOP and 13.3.1.13(k) no later than the 28<sup>th</sup> of each month, which is the end of each monthly billing cycle;

(v) [Complying with the Agency P/C SOP](#);

(vi) Annually performing transaction volume reviews and notifying the PCT if changes are needed in the number of CHs or CHs monthly spending limits;

(vii) [Submitting an Annual Assurance Memorandum \(AAM\) to the cognizant OAM Division Director or Regional Acquisition Manager \(RAM\)](#);

(viii) Notifying the PCT if a CH leaves their organization; and

(ix) Notifying the PCT when the AO leaves his or her organization for a period of two weeks or more, or will no longer be an AO.

(3) [The Agency standard is for AOs to approve each requirement prior to the CH placing an order. However, the AO may stipulate, in writing to the CH, that prior approval for designated routine, repetitive requirements \(such as office supplies ordered from the required source or routine and repetitive courier services\) is not required.](#)

(4) [When the AO is absent, \(e.g., on leave, travel\) for short periods of time, two weeks or less, the AO may specify another AO in the organization who will temporarily perform the AO function. If the AO will be gone for more than two weeks, follow the account transfer procedures set forth in 13.3.1.7\(f\).](#)

(5) *Physical Location of AO and Number of CHs an AO May Oversee.* AOs must be physically located in close proximity to their CHs and oversee no more than seven CHs at any given time. When applying for an account, a proposed AO may request the NPCPM waive this requirement in extreme situations where there is no alternative for compliance. This request shall include an explanation of the special circumstances requiring a deviation from this policy, including the rationale as to why an additional AO cannot be nominated or why an AO cannot be located in close proximity to these CHs. The request must also include detailed, additional internal management controls to ensure proper procedures are followed and to minimize the potential for fraud, misuse, or payment delinquency.

(6) *Separation of Functions and Performance Appraisal.*

(i) One individual cannot function in more than one role as the AO, the CH, or the FCO on the same purchase card transaction. [For program office CHs, the standard single purchase and monthly limits are the \\$3,000 and \\$6,000, respectively. \(The single purchase limit for convenience checks is \\$2,500.\)](#)

(ii) OAM strongly recommends that CHs have an element in their performance appraisals covering their purchase card responsibilities so they can be evaluated on their performance in using the card.

(7) [The AO shall comply with EPAAG 13.3. To validate the CH transactions, the AO shall review and approve the CH transactions no later than the 28<sup>th</sup> of each month, pursuant to the requirements specified in the purchase card Agency P/C SOP and 13.3.1.8\(k\).](#)

(f) *Cardholders*. CHs are Agency employees who are responsible for the following:

- (1) Completing required training;
- (2) Following applicable federal and Agency policies [including the Agency P/C SOP](#);
- (3) Making informed, responsible, and reasonable purchases;
- (4) Advising customers on appropriate purchase card procedures;
- (5) Maintaining complete records of each transaction;
- (6) Using the card ethically in accordance with the Standards of Ethical Conduct; and
- (7) Notifying the PCT when they leave their organization, permanently or temporarily, such as on a detail, or their card is no longer needed.

(g) *GSA SmartPay® Program*.

(1) The GSA SmartPay® Program manages the set of master contracts through which agencies and organizations can obtain charge cards for employees to accomplish the Agency or organization's mission. The Agency competitively issues a task order under the GSA SmartPay® master contracts, and award their program to one of the GSA SmartPay® contractor banks. The contractor bank provides charge cards to the Agency or organization employees to make purchases on behalf of the Agency.

(2) The GSA SmartPay® Program offers online purchase card training for the CH and AO. The training allows both the CH and AO to register, set up a profile, and manage their online training courses and certificates. GSA SmartPay® training is mandatory for EPA CHs and AOs.

#### **13.3.1.7 Establishing and Maintaining AO and Cardholder Accounts.**

(a) *Required Training*.

(1) Effective January 2014, the former EPA one-day Purchase Card Training was retired and any new CH or AOs will be required to take the GSA SmartPay® training. Those requiring a refresher will be required to complete the GSA SmartPay® training by their due date. Prior to February 19, 2014, if an employee had successfully completed the former EPA Purchase Card Training provided by OAM, the CH or AO is covered for two years from the date of the training, and will not be required to register for or complete the GSA Purchase Card Training until the refresher period.

(2) The required basic and refresher training is titled, *GSA SmartPay® Purchase Card Training for Cardholders* found at <https://training.smartpay.gsa.gov/>. There is no separate module for the

AO training, therefore, both the CH and AO shall be required to successfully complete the CH training module.

(3) CHs and AOs must complete the GSA SmartPay® training every two years to maintain the use of the purchase card account.

(4) Completing the GSA SmartPay® training does not guarantee that a purchase card will be issued. To obtain a purchase card account, the potential CH or AO must also comply with the EPA's purchase card "Application Process" specified in 13.3.1.7(b).

(5) *Supplemental Training.* Supplemental Training is any training in addition to the GSA SmartPay® training that the PCT and/or OAM may require a CH or AO to successfully complete in order to maintain a purchase card or AO account. The PCT and/or OAM, in their sole discretion, may require a CH or AO upon written notification to successfully complete supplemental training as follows:

(i) Any CH or AO that violates any federal and/or Agency purchase card policy or procedure will be required to successfully complete, to the satisfaction of the PCT and/or OAM, any supplemental training mandated by the PCT and/or OAM. In the event a CH or AO fails to complete, to the satisfaction of the PCT and/or OAM, any supplemental training mandated by the PCT and/or OAM, the CH purchase card and/or the AO account shall be suspended or revoked, temporarily or permanently, at the sole discretion of the PCT and/or OAM. This supplemental training may be required by the PCT and/or OAM at any time during the CH or AO two-year training cycle.

(ii) The PCT and/or OAM may require, upon written notification, any CH or AO to successfully complete, to the satisfaction of the PCT and/or OAM, supplemental training as a result of the findings of any oversight review and/or information obtained by the PCT and/or OAM regarding a CH or AO transaction(s) or account. In the event a CH or AO fails to complete, to the satisfaction of the PCT and/or OAM, any supplemental training mandated by the PCT and/or OAM, the CH purchase card and/or the AO account shall be suspended or revoked, temporarily or permanently, at the sole discretion of the PCT and/or OAM. The supplemental training may be required by the PCT or OAM at any time during the CH or AO two-year training cycle.

(iii) Notwithstanding any of the disciplinary actions cited in the Agency policies and procedures, in the event the PCT and/or OAM find that a CH or AO violated any federal and/or Agency policy or procedures that demonstrates to the PCT and/or OAM that the CH or AO blatantly disregarded any federal and/or Agency policy and/or procedure, the PCT and/or OAM at their sole discretion shall temporarily or permanently suspend or revoke a CH card or AO account, without first mandating that the CH or AO complete any supplemental training.

(b) *Application Process.* After successfully completing the required training, both the AO and CH must submit an electronic application to the PCT to establish an account with the contractor bank. The potential AO or cardholder must provide proof of successfully completing [the GSA](#)



SmartPay® training. The AO or CH must email a copy of the training certificate to: [OARMOAMPURCHASE\\_CARD\\_TEAM@epa.gov](mailto:OARMOAMPURCHASE_CARD_TEAM@epa.gov) to ensure that their credentials have been updated. Full application instructions are available on the OAM Purchase Card Program Web Page found at <http://purchasecard.epa.gov/>.

(c) *Account Set-Up.*

(1) Once the PCT receives the application and establishes the account, the program office CH will be issued a Certificate of Appointment designating the CH as a micro-purchase CO.

(2) New CHs who already have been delegated procurement authority over the micropurchase threshold will not be issued another Certificate of Appointment. Once their account is established, the PCT will notify them about their single and monthly limits. CHs may begin using their purchase card upon receipt and activation.

(d) *Requesting Convenience Checks.*

(1) Convenience checks are an optional tool available under EPA's purchase card program for use when vendors do not accept the purchase card [and the product or service is not available from another vendor](#). In accordance with FAR 13.305-3, the single purchase limit with convenience checks is \$2,500 for all CHs, regardless of their procurement authority.

(2) The CH should take into consideration that a convenience check fee of 2% will be charged by the bank of the face amount of the check. The CH should be sure to include the 2% convenience check fee in the CHs monthly limit.

(3) To request convenience checks for a CH, the AO must:

(i) Submit to the PCT a written justification explaining a critical need as to why the CH needs a convenience check account. If there are other convenience check writers in the same office, the justification has to describe why the existing check holder cannot fulfill their needs.

(ii) Allow for the use of convenience checks to pay for speaker fees if the total amount of the speaker fee is \$2,500 or less, and the purchase card is not accepted.

(4) Application instructions are available on the Purchase Card Web Page.

(e) *Canceling or Suspending Accounts.*

(1) To cancel or suspend AO or CH accounts, the AO, or Division Director or equivalent, must submit the Purchase Card Maintenance Form found at <http://purchasecard.epa.gov/node/111> to the PCT. Accounts can be suspended when an AO or CH is on extended leave (longer than two weeks) or a detail. Accounts must be closed when an AO or CH:

(i) Transfers to another organization and will not need the account;

(ii) Resigns or is terminated;

(iii) When the card is no longer needed;

(iv) When the card is lost or stolen; or

(v) Upon the death of the employee.

(2) Whenever a CH account is to be closed, the AO must destroy the card before the Purchase Card Maintenance Form is submitted to the PCT. Do not send the card back to the PCT or the bank.

(f) *Account Transfers.*

(1) If a CH transfers from one organization to another and wants to retain the account, the CH must submit a Cardholder Transfer Form found at <http://purchasecard.epa.gov/node/111> to the PCT, specifying who the current AO is and who the new AO will be.

(2) If an AO transfers from one organization to another and will be an AO in the new organization, a Cardholder Transfer Form must be submitted to the PCT specifying which CHs the AO will oversee in the new organization. The AO's previous organization must submit a Cardholder Transfer Form to the PCT specifying who will replace the AO that left. If a completely "new" AO is accepting the transferred CHs, submit a new AO account set-up form to the PCT.

(g) *Cardholder Name Changes.* To get a purchase card issued with a new name, the AO, or Division Director or equivalent, must submit the Purchase Card Maintenance Form found at <http://purchasecard.epa.gov/node/111> with a copy of the CH's Standard Form 50 (reflecting the name change) to the PCT.

(h) *Requesting a Change in a CHs Monthly Limit.* The Agency standard monthly limit for program office CHs for convenience checks is \$5,000. At the request of the AO, this limit may be increased or decreased. The need for an increase in the monthly limit must be substantiated. To request a change in the monthly limit, follow the directions on the Purchase Card Program Web Page for submitting the Request for Change in Monthly Limit form found at <http://purchasecard.epa.gov/node/111>. Increases may be requested on a temporary basis (e.g., end of FY purchases) or permanently.

(i) *Reporting a Lost or Stolen Purchase Card.*

(1) If a card is lost or stolen, the CH shall immediately notify the contractor bank. The contractor bank's telephone number is listed on the back of all purchase cards and on the purchase card web page. The CH should record this number for future reference. This timely notification will limit the CH and the Agency of any financial liability resulting from the unauthorized use of the card.

(2) Replacement cards will be delivered by the contractor bank within two to three working days. The CH shall not attempt to place any orders until the new card has been received and activated.

#### **13.3.1.8 Preferred Method of Micro-Purchase Acquisition.**

Purchase card is the preferred acquisition method for all purchases at or below the micropurchase threshold. Use of the purchase card expedites the acquisition process, streamlines payment, and reduces administrative costs associated with traditional paper-based purchase orders. Program office CHs shall place orders for requirements at or below the micropurchase threshold unless the requirement is of a unique, complex, or sensitive nature, or the vendor will not accept the purchase card or convenience check. Examples of items which must be forwarded to the servicing contracting office for purchasing are included in section 13.3.1.9 of this policy.

#### **13.3.1.9 Prohibitions, Restrictions, and Priority for Use of Sources.**

(a) For program office CHs, the card is intended for simple, “over-the-counter” purchases with the total price fixed at the time of the order. Program office CHs are not acquisition professionals and therefore do not have the authority or expertise to process orders which require specifications, statements of work, clauses, terms and conditions, or indefinite pricing.

(b) Acquisition professional COs may use the purchase card to place orders or make payments against contractual instruments in accordance with Federal and Agency acquisition regulations and within the limits of their warrants. See FAR 13.301(b) for additional information.

(c) [The use of third party payment processors is allowable. There is no requirement for the CH to request a waiver from the PCT for third party payment processors.](#)

(d) *Prohibited Transactions.* All Agency CHs are prohibited from using the purchase card for the following:

- (1) Any order which is not a necessary expense of appropriated funds for official government business;
- (2) Travel related expenses, such as per diem, lodging, and transportation;
- (3) Gasoline, oil, or similar items for government-owned or leased boats or vehicles (use the official EPA fleet management cards);
- (4) Cash advances;
- (5) Long term rental or lease of land and buildings;
- (6) Individual employee memberships in professional organizations, associations, etc.;

(7) Gift cards and gift certificates, in any denomination (any CH or AO that violates this prohibition shall have his or her purchase card or AO account suspended or permanently revoked, based upon the decision of OAM's Director and/or EPA's NPCPM); and

(8) Printing.

(e) *Restricted Transactions*. The following transactions are prohibited for program office CHs; however, they may be ordered by acquisition professional CHs, consistent with applicable law and regulation:

(1) Any order that requires a statement of work (SOW) or specifications;

(2) Any order where Agency or federal acquisition regulations require, or it is advantageous to the government to include, contract clauses (e.g., construction over \$2,000, a potential for conflicts of interest, etc.)

(3) Any order requiring the cardholder to accept a vendor's terms or sign a vendor's agreement or contract;

(4) Construction, alteration or repair of public buildings,

(5) Expert services/consultants (as a SOW is required);

(6) Personal services (creates an employer/employee relationship where the EPA supervises contractor employees—must be authorized by statute);

(7) Leasing of aircraft, boats, or motor vehicles, including buses and limousines;

(8) Institutional memberships in associations (see [EPA Order 1800.2](#), *Participation in Professional Societies and Associations*);

(9) Communication services, such as connection and use of cell phones, Internet, or E-mail;

(10) Any order requiring advance payment before receipt of the item, except subscriptions to publications, registration fees, and training;

(11) Automatic recurring charges, where the vendor will continue to bill unless the CH takes action to prevent the charges, such as monthly charges for a cable television;

(12) Gym Memberships; and

(13) Health and Wellness/Employee Welfare Memberships.

(f) *Priorities for Use of Sources*. FAR 8.002 and [EPAAG 8.1](#) list priorities for use of government

sources. In addition, the Agency has a required source for office supplies. CHs shall check the following sources, in the order listed, before using a commercial vendor:

- (1) In accordance with the *EPA Personal Property Policy and Procedures Manual* found at <http://intranet.epa.gov/ohr/rmpolicy/ads/manuals/pp-policy-procedures-manual.pdf>, CHs are responsible for determining, with assistance from the local Property Utilization Officer, whether equipment is available from Agency inventory or excess from other agencies.
- (2) EPA's Strategic Sourcing Vehicles found at <http://oamintra.epa.gov/?q=node/659>;
- (3) Federal Prison Industries (see FAR Subpart 8.6) for orders greater than \$2,500;
- (4) Supplies which are on the Procurement List maintained by the Committee for Purchase from People Who Are Blind or Severely Disabled (see FAR Subpart 8.7);
- (5) Wholesale supply sources, such as stock programs of the General Services Administration (GSA) (see 41 CFR 101-26.3), the Defense Logistics Agency (see 41 CFR 101-26.6), the Department of Veterans Affairs (see 41 CFR 101-26.704), and military inventory control points;
- (6) Federal Supply Schedules (FSS), Government-wide acquisition contracts, multi-agency contracts, and any other procurement instruments intended for use by multiple agencies, including blanket purchase agreements (BPAs) under FSS contracts (e.g., Federal Strategic Sourcing Initiative (FSSI) agreements found at <http://www.gsa.gov/fssi>); and
- (7) Commercial sources (including educational and non-profit institutions) in the open market.

#### **13.3.1.10 Supporting the Agency's Mission through Purchase Card Orders.**

Before placing orders, CHs and those responsible for defining procurement needs should consider a broad range of environmental factors including: impacts to human, animal, and plant life, energy and water efficiency, resource conservation, recycled and recovered material content, waste prevention opportunities, renewable materials, air, water and land impacts, hazardous constituents, toxicity, effects of packaging and transporting products and services, environmental impacts of a product or service throughout its life cycle, from its design to its ultimate disposal, and other environmental attributes. By considering these factors the CH supports the Agency mission, create and expand markets, and promote environmental stewardship. EPAAG 23.1, *Sustainable Acquisition Policy*, sets forth Agency policy on "greening" procurement.

#### **13.3.1.11 Purchase Card Transactions That Require Prior Approvals.**

- (a) Before placing the order, the CH shall obtain approval from the appropriate individual as identified below. Approvals shall be in accordance with the requirements specified in PNET.

Item	Approving Official
Information Technology (IT) Electronic and Information Technology (E&IT)	Information Management Officer (IMO)
Conference facilities and meeting rooms Audio-visual equipment Furniture and room decorations Cubicle modifications Building alteration and repair Janitorial and maintenance services	Facilities Manager
Items relating to health and safety Toxic or hazardous chemicals (except consumer products used for a duration and frequency similar to that of a consumer) Air purifiers, water filters Personal protective clothing and equipment, such as respirators, body armor, steel toe safety shoes, etc.	Safety, Health and Environmental Manager
Protective services and equipment, including guard protection, security alarms, monitoring and detection devices, and safes	Security Manager
Paid Advertisement for personnel recruitment	Human Resource Official
Training (regardless of cost or location)	Training Officer

(b) *Information Technology (IT) and Electronic and Information Technology (E&IT).*

(1) All purchases of IT and E&IT products or services must be approved by the local IMO before the order is placed. "Information Technology" (IT) means the automatic acquisition, storage, manipulation (including transformation), management, movement, control, display, switching, interchange, transmission or reception of data, and the equipment, software, firmware, and procedures associated with this processing. "Electronic and information technology" (E&IT) has the same meaning as "information technology" except E&IT also includes any equipment or interconnected system or subsystem of equipment that is used in the creation, conversion, or duplication of data or information. IT includes computer hardware, software, and telecommunication equipment and services. E&IT includes copiers, fax machines, televisions, video and multimedia products.

(2) Section 508 of the Rehabilitation Act (29 U.S.C. 749d) was enacted to ensure that federal employees and members of the public with disabilities have access to the federal government's electronic and information technology (E&IT). For more information about Section 508 and EPA's role in ensuring accessibility see <http://intranet.epa.gov/accessibility/>. Orders placed with purchase card shall comply with Section 508 requirements. For additional information on Section 508, such as what products it applies to and how to locate vendors, go to <http://www.section508.gov>. This site includes the "Buy Accessible Wizard," a web-based tool to help users determine and document Section 508 requirements that apply to a particular E&IT acquisition.

(c) *Printing.* Use of the purchase card is strictly prohibited for printing services.

(d) *Paid Ads.* All CHs have the authority to place orders for paid advertisements (e.g., public notices). CHs must ensure that any necessary local or programmatic approvals of the ad are obtained before placing the order. Paid advertisements for personnel recruitment shall be approved by the Office of Human Resources. CHs must keep a copy of the published advertisement in their records, see FAR 5.503 for details.

### **13.3.1.12 Purchases Requiring Close Scrutiny.**

(a) CHs and AOs are advised to use caution when placing orders for clothing, entertainment, novelty items, non-monetary awards, light refreshments, conference support, gym memberships, health and wellness memberships, and employee welfare memberships. These purchases require close scrutiny to ensure they are necessary expenses of the appropriated funds being utilized.

(b) The reason, authority, and [approvals](#) for these purchases shall be documented in the CHs records. For questions concerning the necessary expense rules contact the Office of General Counsel, Finance and Operations Law Office.

(1) *Clothing.* CHs may purchase clothing under the following circumstances:

(i) Uniforms, “special clothing,” and clothing with identifying insignia covered by [EPA Order 4800.1 A1](#), *EPA Policy for Providing Wearing Apparel to Employees*;

(ii) Protective clothing, covered by [EPA Order 1440.1](#), *Safety, Health and Environmental Management Program*;

(iii) Clothing which is presented as a non-monetary award in accordance with [OHR 3130 A2](#), *Recognition Policy and Procedures Manual*; or

(iv) When clothing is otherwise determined to be a necessary expense. Consult the Office of General Counsel, Finance and Operations Law Office, for assistance with this determination.

(v) When purchasing clothing, the CH shall follow the requirements of the applicable directive and document the file as to the circumstances justifying the purchase.

(2) *Entertainment and Recreational Items.*

(i) Entertainment items include food, music, and other supplies for what could be viewed as parties. The purchase of any form of entertainment is generally prohibited. However, limited exceptions are allowed for entertainment directly related to the Agency's official employee recognition award ceremonies under Delegation 1-51, a Pollution Prevention Act ceremony under Delegation 1-111, and formal recognition of cultural or ethnic awareness programs. Both Delegations are listed in the Agency Delegations Manual found at <http://epawww.epa.gov/rmpolicy/ads/delegat.htm>. CHs and AOs shall seek advice from the Office of General Counsel, Finance and Operations Law Office regarding the



expenditure of an appropriation for entertainment.

(ii) Always consult the Office of General Counsel, Finance and Operations Law Office for advice before purchasing recreational items for Agency employees in remote or isolated areas.

(c) *Novelty or Specialty Items.*

(i) Purchase of novelty or specialty items, including, but not limited to plastic key chains, cups, water bottles, tote bags, bumper stickers, posters, buttons, magnets, or pins shall be made in accordance with EPAAG 13.2.

(ii) Printing on novelty or specialty items must be approved by the local product review officer and printing officer. [For additional guidance contact the Headquarters Printing Management Team at 202-564-9641 or your Print Control Officer.](#)

(iii) When selecting novelty or specialty items, CHs shall consider priority sources, see 13.3.1.9(f), and environmental factors, see 13.3.1.10.

(d) *Informal Non-Monetary Awards.* CHs may purchase informal non-monetary awards in accordance with Chapter 3 of [OHR 3130 A2](#), *Recognition Policy and Procedures Manual*. CHs records shall document what was purchased, who received the award, who authorized the award, when and why the award was presented.

(e) *Light refreshments or meals.* Using appropriated funds to purchase light refreshments or meals is a considerably restricted and dynamic area in terms of policy interpretation and implementation. The CH must consult [EPA Order 1900.3](#), *Food at an EPA Conference, Workshop, Ceremony, Reception or Observance*. CHs are advised to thoroughly research this subject, seek advice from the Office of General Counsel for questions concerning specific situations, obtain required approvals, and include supporting documentation in their files before placing an order for light refreshments or meals.

(f) *Conferences, Meetings, Retreats and Other Events.* Because of the complexity of planning and procuring conference support, OAM recommends these services be ordered by acquisition professionals. The following applies to orders for conferences, meetings, retreats and other events:

(1) The total value of the acquisition package for the event, including space rentals, audio visual support, telephone and Internet, and light refreshments, etc. shall not exceed the CH's single purchase limit.

(2) Prior approval is required for the acquisition of commercial meeting space and justification is required for the acquisition of light refreshments or novelty items. These approvals and justifications must be retained in the CHs records.

(3) Do not sign hotel agreements or contracts. If the facility insists on a signed contract, refer the purchase to your contracting office.



(4) Once the CH has placed the order, any requirements for additional supplies or services must be placed by the CH. Additions or changes to the CH order by other Agency employees constitutes an unauthorized commitment and shall be handled in accordance with EPAAR 1501.602-3 and EPAAG 1.1.

#### **13.3.1.13 Purchase Guidelines.**

##### *(a) Protect the Purchase Card, Convenience Checks, and Account Number.*

(1) Unless the CH is doing field work or emergency response support, purchase cards and convenience checks must be secured at the CH's EPA office location. To avoid unintended misuse on personal purchases, do not routinely carry purchase cards and convenience checks along with personal credit cards and checks.

(2) The government purchase card and convenience checks are issued to individual CHs for purchases otherwise authorized by law or regulation only. The employee, whose name is embossed on the card or checks, is the custodian and sole authorized user. CHs shall not allow anyone else to use their cards, convenience checks, or account number to make purchases.

(3) CHs shall not knowingly allow vendors to permanently maintain a standing account which contains the CH's account number. Setting up a standing account with a supplier creates the potential for individuals, other than the CH, to call and place unauthorized orders "on EPA's account" or for the vendor to process charges without the CH's knowledge.

(4) While use of electronic commerce is strongly encouraged, CHs shall ensure all on-line purchases are made only through secure web sites of responsible businesses. (See section 13.3.1.13(e) on placing orders with responsible businesses.)

##### *(b) Plan and Consolidate Your Requirements to Avoid Splitting Orders.*

(1) CHs shall not split requirements to circumvent single purchase limits or to avoid any required approvals. As CHs receive procurement requests from customers, they can plan their orders to combine requirements in order to qualify for volume discounts and administrative savings. Unless there are compelling reasons not to do so (e.g., unavailability of funds, lack of adequate storage space), CHs shall combine similar items. Requirements which exceed the authority level of the CH's single purchase limit shall be forwarded to the cognizant contracting office.

(2) It is improper for organizations and cardholders to take large requirements that are clearly known in advance and break them into smaller requirements to be acquired over time through a series of purchase card orders either by a single CH or a number of CHs.

(c) *Use Small Businesses.* CHs are encouraged to use small businesses whenever possible when placing orders with commercial vendors. A number of databases such as the [System for Award](#)

Management found at [www.sam.gov](http://www.sam.gov) are available to assist cardholders in locating qualified sources/businesses. The Office of Small and Disadvantaged Business Utilization and regional small business specialists are also available to assist with identifying business sources.

(d) *Distribute Purchases Equitably when Using Federal Supply Schedules or Commercial Sources.* FAR 13.203(a)(1) states, to the extent practicable, CHs shall distribute micropurchases equitably among qualified sources.

(e) *Place Orders with Responsible Businesses.* Before ordering from commercial sources, CHs shall check the [System for Award Management \(SAM\) Exclusions at www.sam.gov](http://www.sam.gov) to ensure the vendor has not been excluded from federal procurement and non-procurement programs.

(f) *Tax Exempt Status.* CHs shall remind vendors that orders are for the U.S. Government and are tax exempt. If a vendor insists on charging tax, the CH should not place the order unless there is no alternative.

(g) *Orders for Equipment Repair.* Sometimes equipment repairs require disassembly or inspection before the vendor can determine the repair price. When this is the case, the CH must obtain a written estimate from the vendor in which the vendor agrees not to exceed the stated amount without authorization from the CH. In no case shall the CH authorize repairs where the repair price exceeds the replacement cost of the item or if the total cost for the repair will exceed the CH's single purchase limit. CHs are cautioned to be prudent when ordering these types of repairs.

(h) *Independent Verification of Receipt.*

(1) Independent verification of receipt/third party verification of equipment, property, supplies or material shall only be performed by an Agency employee, other than the CH, AO or FCO of the transaction. Contractors and grantees are prohibited from providing independent verification of receipt/third party verification on any equipment, property, supplies or material.

(2) For all orders of accountable or sensitive property, it is mandatory that the CH obtain independent verification of receipt/third party verification only from the program office's Property Utilization Officer (PUO) or property official to ensure that: (a) any accountable or sensitive item ordered was received; and (b) any accountable or sensitive property is appropriately recorded and subsequently tracked by the Agency's Property Office. See the *EPA Personal Property Policy and Procedures Manual* found at <http://intranet.epa.gov/ohr/rmpolicy/ads/manuals/pp-policy-procedures-manual.pdf> for definitions and explanations of accountable and sensitive property.

(i) *Property Acquisition and Tracking.*

(1) Pursuant to the *EPA Personal Property Policy and Procedures Manual*, CHs shall not purchase items if the transaction involves trades or exchanges of property. The program office CH is responsible for coordinating with their organization's property official to ensure that any accountable or sensitive personal property the CH orders is appropriately tracked.

(2) In accordance with Section 3.4.2 of the *EPA Personal Property Policy and Procedures Manual*, when purchasing equipment for EPA purposes/mission, regardless of the cost, the CH is responsible for ensuring:

- (i) With the assistance of the PUO that items are not available from EPA excess inventory;
  - (ii) With the assistance from the PUO that items are not available from other federal agencies excess inventory;
  - (iii) Items are not restricted for purchase by the CH;
  - (iv) Special approvals are obtained before purchase;
  - (v) Purchased items do not involve trades/exchanges of property;
  - (vi) Purchases of accountable personal property are reported to the Property Accountability Officer and/or the Custodial Officer so that property can be properly decaded and accountability records can be established by the Agency's Property Office; and
  - (vii) Documenting receipt of the purchase card transaction and for follow-up of any discrepancy with the purchase card transaction.
- (j) *Use of Convenience Checks.*

(1) Convenience checks are an optional tool available under EPA's purchase card program and are limited to a maximum single purchase amount of \$2,500 for all account holders regardless of limits that may be established on the CH purchase card account. Convenience checks may only be used when a vendor does not accept the purchase card and the product or service is not available from another vendor.

(2) Depending on the contractor bank's terms, there may be an additional, administrative fee based on the amount of the convenience check transaction. If required, this fee must be funded before an order can be placed. Current contractor bank terms regarding the administrative fee can be found on the EPA Purchase Card Web Page.

(3) Use of the check is a cash transaction. Issuing the check, in essence, pays the vendor immediately. Convenience check transactions cannot be disputed through the contractor bank.

(4) For Internal Revenue Service (IRS) Form 1099M reporting, CHs must record the complete legal name and address of the vendor, and the vendor's tax identification number. If the order is placed with an individual, CHs must record that individual's social security number.

(5) Convenience checks shall not be issued for cash or to an EPA employee.

(k) *Record Keeping.*

(1) Records of purchase card transactions are official Agency records and shall comply with Agency and federal record keeping requirements. (See National Records Management Program found at: <http://intranet.epa.gov/nrmp> and FAR 4.805(b).) Purchase card transaction and review records belong to the CH's organization and must be maintained by that organization after the CH leaves.

(2) All purchase card transactions shall be entered into Payment Net (PNET) as specified in the Agency P/C SOP at: <http://purchasecard.epa.gov/files/EPA%20Purchase%20Card%20Agency%20SOP.pdf> As a result of the mandatory requirement to use PNET, paper copies of the CH log are no longer required or recognized as the official record of the CH transactions.

(3) Other supporting documentation, such as receipts, order confirmations, vendor invoices (if provided), necessary expense justifications (see 13.3.1.12) or documentation of any problems, disputes, or unusual circumstances surrounding an order shall be kept in the purchase card file and uploaded to PNET. All supporting documentation shall be retained for at least 3 years on a fiscal year basis. Superfund-related purchases may require permanent retention for cost recovery purposes.

(4) The PCT will not grant any waivers to the requirement to use PNET.

(5) CHs must retain their certificate of appointment and proof of training completion.

**13.3.1.14 Financial Issues Related to Purchase Card.**

(a) *Purchase Card Funding and the FCO.* Before placing orders, CHs must coordinate with their FCO to ensure funds are available.

(b) *E-mail Transaction Notifications of Billing.* On a daily basis, the contractor bank notifies CFC of purchase card transactions billed to CH accounts. CFC then issues an e-mail notifying the CH and AO that a transaction is awaiting cost allocation or payment. The CH should obtain third party verification of receipt and cost allocate immediately. The E-mail transaction notices will continue until cost allocation is completed.

(c) *Cost Allocation (Payment).* CHs are responsible for cost allocating their purchases. All CHs shall use the Agency's Intranet cost allocation system to cost allocate (pay) for their purchases. The system can be accessed at: [https://ocfosystem1.epa.gov/fmc2/card.card\\_welcome](https://ocfosystem1.epa.gov/fmc2/card.card_welcome). With the exception of items where advance payment is allowed by Agency or Federal regulation, CHs shall not cost allocate if all the items charged have not been received. If a vendor bills for an order after the CH has left the Agency, the AO may contact CFC for assistance with cost allocation.

(d) *Partial, Delayed, or Back Orders.*

(1) The cost allocation system does not allow CHs to make partial payments. CHs must pay the total amount billed or not pay the bill at all. Per the terms of the agreement with the credit card company, vendors shall not submit a bill unless all items ordered are shipped. CHs shall not pay the vendor before receiving all the items for which the vendor is billing.

(2) If a vendor does not deliver all items ordered, but bills for all of them, the CH should call the vendor to resolve the issue. The vendor should issue a credit for items not shipped. If the vendor does not respond in a timely manner, dispute the charge through the contractor bank.

(e) *Purchase Card as a Payment Tool.*

(1) Acquisition professionals are encouraged to use the purchase card to place orders and to pay for purchases against contracts established under FAR Part 8 procedures, when authorized; and to place orders and/or make payment under other contractual instruments, when agreed to by the contractor. See FAR 32.1110(d) for instructions for use of the appropriate clause when payment under a written contract will be made through use of the card.

(2) The CH and the AO can help eliminate waste, fraud and abuse in EPA's purchase card program by preventing payment errors by checking the System for Award Management (SAM) database for applicable transactions. Pursuant to the following FAR requirements, by checking SAM before making payments or awards, the CH and AO can identify ineligible recipients and prevent certain improper payment from being made.

(i) FAR 4.1102(a)(1) "Prospective contractors shall be registered in the SAM database prior to award of a contract or agreement, except for purchases under the micro-purchase threshold that use a government-wide commercial purchase card as both the purchasing and payment mechanism, as opposed to using the purchase card for payment only."

(ii) FAR 13.301(b) "Agency procedures should encourage use of the purchase card in greater dollar amounts by COs to place orders and to pay for purchases against contracts established under FAR Part 8 procedures, when authorized; and to place orders and/or make payment under other contractual instruments, when agreed to by the contractor."

(iii) FAR 13.301(c)(3) "The government-wide commercial purchase card may be used to make payments, when the contractor agrees to accept payment by the card."

(iv) FAR 32.1108(b)(2) specifies the requirements pertaining to payment by Government wide purchase card.

(f) *The Dispute Process.*

(1) Typically disputes occur because the item was not received, is defective, or the charge is unauthorized or duplicative. Before initiating a dispute through the contractor bank, CHs shall contact

the vendor in question and attempt to resolve the issue either by obtaining a replacement item or credit where appropriate. If the CH cannot resolve the issue with the vendor, then the CH shall contact CFC for assistance in processing a dispute through the contractor bank.

(2) Steps for resolving a dispute through the contractor bank are posted on the Purchase card Web Page and are attached to the CFC transaction notice e-mail. Neither shipping, sales tax, nor convenience check charges can be disputed through the contractor bank.

(3) After 60 days from the date of the first transaction notice, charges can no longer be disputed through the contractor bank and must be paid. Accordingly, it is imperative that CHs and AOs pay or dispute promptly.

(g) *Refund from Contractor Bank.* The contractor bank gives the Agency a quarterly payment performance based refund on the basis of net charge volume. The faster the CH cost allocates, the faster the Agency pays and the more refund the Agency earns. Once the refund is received, CFC distributes the funds to each AAship or region based on the volume of purchases.

(h) *Checks Received by Cardholder.*

(1) While it is the Agency's standard practice to request that vendors issue a credit to the purchase CHs account or in the case of a rebate, to ask for a commensurate price reduction, an exception to this rule is sometimes warranted.

(2) When a vendor offers a rebate check for a purchase, the CH must inform the vendor to make the check payable to U.S. EPA and then send it to the CH. The CH includes the following information with the check:

(i) Cardholder's name;

(ii) Vendor's name;

(iii) Transaction number from EPA's credit card transaction review page; and

(iv) Document control number (DCN) – 10 digits (if previously cost allocated).

(3) The address where the cardholder should mail checks to is:

U.S. Environmental Protection Agency  
Miscellaneous Payments  
Cincinnati Finance Center  
PO BOX 979078  
St. Louis, MO 63197-9000

(4) If a vendor issues a refund check in lieu of posting a credit to the CHs account, the check must also be issued to U.S. EPA. If, by some oversight, the check is made payable to the CH, the CH shall endorse the check, making it payable to U.S. EPA and send it to the address above.

#### **13.3.1.15 Oversight of the Purchase Card Program.**

(a) Oversight of the Purchase Card Program is accomplished on two levels: individual and organizational. Oversight of individual transactions ensures the card is used appropriately and items being acquired are authorized. Organizational oversight helps analyze spending data, systemic problems and vulnerabilities as well as fraud, waste, or mismanagement. Consistent and vigilant oversight is the responsibility of everyone involved in the program.

(b) EPA developed an Intranet web-based purchase card transaction review page that electronically captures all purchase card transactions. The purchase card transaction review page is available to the purchase card community to perform oversight of CH transactions. CHs, FCOs, and AOs can review the activity of each CH over a chosen time frame to ensure the CH has correctly reconciled the funding for transactions and cost allocated them. FCOs and AOs have access to valuable transaction data to help facilitate budget decisions and identify problems with CH purchasing activity. All activity is captured on this page and detailed reports are available on purchase card transactions. The transaction review page can be accessed at: <http://purchasecard.epa.gov/node/126>.

(c) Cardholder Oversight. CHs play a vital role in ensuring the card is properly used. Before placing orders, CHs must evaluate each purchase request to ensure that the requirement complies with federal and Agency acquisition and appropriation rules. CHs should discuss any inappropriate or questionable requests with the originator. If concerns or doubts still remain, the CH must raise the issue with their AO, the PCT, or other official, as appropriate.

(d) *AO Oversight.*

(1) AOs are responsible for conducting personal and detailed reviews of their CHs transactions to ensure compliance with all applicable regulations, policy, special approvals, and purchase card procedures. This includes, but is not limited to, preapprovals for orders, review of transaction notices from CFC, and review of purchase card logs, and transaction reports. AOs shall review and approve CH transactions no later than the 28<sup>th</sup> of the month. The AO's signature denotes the AO has reviewed and approved the listed transactions.

(2) Once a year AOs must conduct a transaction volume analysis of their CHs to ascertain whether all cards under their account are needed, and whether, based on order volume, more CHs are needed or if existing CHs monthly limits should be adjusted.

(3) Once a year AOs shall submit an Annual Assurance Memorandum (AAM) to their cognizant OAM Division Director or Regional Acquisition Managers (RAM). The list of servicing OAM DDs and RAMs can be found [here](#). In the AAM, the AO will certify that they have adhered to their roles and responsibilities delegated to them in the purchase card program. A sample AAM can be



found [here](#).

(e) *Program Office Oversight*. Program organizations (AAship, region or office) shall conduct a review specific to the organization to ensure compliance with Agency and federal policies in accordance with the Agency P/C SOP and the AAM cited in 13.3.1.15(d)(3). The review must be performed at the AO level to emphasize the importance of AOs and their associated responsibilities.

(f) *OAM Oversight*.

(1) OAM will perform purchase card oversight as part of its Performance Measurement and Management Program (PMMP) and Contract Management and Assessment Program (CMAP). OAM oversight involves internal reviews as part of organizational self-assessments and CMAP peer reviews. Internal reviews will be conducted by OAM DDs and RAMs. CMAP peer reviews will be conducted by the OAM Policy, Training, and Oversight Division (PTOD).

(2) Upon receipt of an AAM, the OAM DD or RAM will conduct internal reviews and provide the Director of OAM with an annual self-assessment report.

(3) The CMAP peer review team will review all OAM Divisions and Regional contracting offices on a 3-year cycle to verify and validate their internal control plans to ensure compliance with all purchase card policies and procedures.

(g) *Purchase Card Team (PCT) Oversight*.

(1) The PCT is responsible for the overall implementation, quality, and consistency of the purchase card program. The PCT regularly reviews individual CH transaction reports. Periodically, the PCT will conduct Agency-wide reviews to determine general trends and identify systemic issues.

(2) As a part of their oversight responsibility, the PCT will notify affected parties and cancel or suspend any account when the PCT determines the cardholder or AO (as appropriate):

(i) Continuously fails to follow Agency or federal acquisition and purchase card policies;

(ii) Does not properly safeguard the card, convenience checks, or account number;

(iii) Uses the card for personal, unapproved or unauthorized purposes;

(iv) Fails to respond to inquiries from the PCT or CFC;

(v) Fails to reconcile, cost allocate, or dispute charges within 30 days from initial CFC transaction notice (e-mail); or

(vi) Does not use the card for a period of 12 months or more.



*(h) Oversight from Other Organizations.*

(1) The Cincinnati Finance Center (CFC) or [Funds Control Officers](#) (FCOs) may review purchase card transactions and any supporting documentation as deemed necessary for compliance with Agency fiscal policy.

(2) The Agency Office of General Counsel (OGC), Finance and Operations Law Office, is available to assist cardholders with questions about the propriety of a particular purchase as a necessary expense of appropriated funds. The OGC Ethics Program will also assist with ethics-related questions. Other organizations, such as the Office of Inspector General (OIG), Government Accountability Office (GAO), or Office of Management and Budget (OMB) may be involved in purchase card oversight. The PCT will work with these organizations to ensure that information is shared, irregularities are identified and investigated, fraud and abuse are eliminated or prosecuted, and that suggested program enhancements in the oversight area are jointly discussed regarding their development and implementation.

(3) Complaints of fraud, waste, and abuse, including mismanagement or violations of law, rules, or regulations in EPA programs and operations by EPA employees or program participants may be reported to the OIG as follows:

(i) Toll-free, nationwide hotline at 1-888-546-8740;

(ii) Faxed to (202) 566-2599;

(iii) E-mailed to [OIG\\_Hotline@epa.gov](mailto:OIG_Hotline@epa.gov); or

(iv) Via the Internet at <http://www.epa.gov/oig/ombudsman-hotline/how2file.htm>.

*(g) Consequences for Misuse of the Purchase Card.*

(1) If any employee knowingly uses the card for unapproved or unofficial purposes, such action will be considered as an attempt to commit fraud against the U.S. Government. This action may result in immediate suspension or cancellation of the card and further disciplinary action against the CH under applicable Agency administrative procedures or law.

(2) CHs and AOs who violate applicable laws, rules, or regulations or advise or order a subordinate to violate these rules may be subject to Agency's conduct and discipline policy and procedures. Potential disciplinary actions, notwithstanding the outcome of any applicable criminal proceedings, range from oral admonishment, written warning, reprimand, to suspension or removal. For more details, see the Agency's Conduct and Discipline Manual at <http://intranet.epa.gov/ohr/rmpolicy/ads/cadm/html/>

(3) The CH is held personally liable to the government for the amount of any unapproved purchases and may be subject to a fine of not more than \$10,000 or imprisonment for not more than five (5) years

or both under 18 U.S.C. 287, False Claims, and related fraud criminal codes.

#### **13.3.1.16 The Government Charge Card Abuse Prevention Act and Timely Filing of a Dispute to the Contractor Bank.**

##### *(a) The Government Charge Card Abuse Prevention Act.*

(1) On October 5, 2012, the President signed into law the Government Charge Card Abuse Prevention Act of 2012 (Pub. L. 112-194) (Charge Card Act), to reinforce the Administration's efforts to prevent waste, fraud, and abuse of government-wide charge card programs.

(2) Consistent with the existing requirements contained in the Charge Card Act and 13.3.1.15(g), any employee who knowingly uses the purchase card or convenience check for unapproved or unofficial purposes will be considered to have committed fraud against the U.S. Government. Such an action shall result in immediate suspension or cancellation of the purchase card account. In addition, disciplinary action will be taken against the CH in accordance with applicable Agency administrative procedures, government regulations and/or federal law.

(3) CHs and AOs who violate applicable laws, rules, regulations, or Agency administrative procedures or who advise or order a subordinate to violate them will be subject to the Agency's conduct and discipline policy and procedures. Potential disciplinary actions, notwithstanding the outcome of any applicable criminal proceedings, will range from an oral admonishment, a written warning, or a reprimand, to suspension or removal of the CH or AO. For more details, see the Agency's Conduct and Discipline Manual at: <http://intranet.epa.gov/ohr/rmpolicy/ads/cadm/html/>.

(4) The CH and/or the AO will be held personally liable to the government for the amount of any unapproved or improper purchases. In addition, the CH and/or the AO may be subject to a fine of not more than \$10,000 or imprisonment for not more than five (5) years or both under 18 U.S.C. 287, False Claims, and other related federal criminal fraud law.

##### *(b) Timely Filing of a Dispute to the Contractor Bank.*

(1) Disputes typically occur because an item was not received, is defective, or the charge is unauthorized or duplicative. Although the CH should contact the vendor first to attempt to resolve the dispute, the CH only has 60 days from the date of the first transaction notice to dispute a charge through the contractor bank. Therefore when necessary, it is imperative that the CH and AO dispute charges promptly.

(2) As prescribed in Chapter 4, Section 4.8 of the Office of Management and Budget (OMB) Circular No. A-123, Appendix B, *Improving the Management of Government Charge Card Programs*, in cases wherein a CH fails to resolve and/or timely dispute an erroneous charge, the CH, AO, or both, shall reimburse the government for the cost of the transaction in accordance with EPA policy and procedures. In addition, when a cardholder makes an improper purchase, the CH shall, in accordance with Agency policy:

(i) reimburse the government for the cost of the purchase; and

(ii) be subject to disciplinary action.

(3) In those instances where an official directs a CH and/or AO to make an erroneous purchase or directs a CH and/or AO to purchase items or services that are subsequently determined to be improper, the official who directed the purchase shall, in accordance with Agency policy:

(i) reimburse the government for the cost of the purchase; and

(ii) be subject to disciplinary action.